

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Consolidated Maui, Inc.
Address 10 Ho'ohui Road, Suite 201, Lahaina, Maui, Hawaii 96761

Project Name (\*): Kahana Beach Resort Condominium
Address: 4221 Lower Honoapiilani Highway, Lahaina, Maui, Hawaii 96761

Registration No. 440
Effective date: August 4, 2000
Expiration date: September 4, 2001

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

PRELIMINARY: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
(yellow)

FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
(white)
[ ] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with

XX (SECOND) SUPPLEMENTARY: This report updates information contained in the:
(pink)
[X] Preliminary Public Report dated: July 31, 1972
[X] Final Public Report dated: October 17, 1972
[X] Supplementary Public Report dated: November 16, 1973
And
[X] Supersedes all prior public reports
[ ] Must be read together with
[ ] This report reactivates the
public report(s) which expired on

(\* ) Exactly as named in the Declaration
FORM: RECO-30 286/986/189/1190/892/0197/1098

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report       Not Required - disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

1. The Project, originally known as Kahana Beach Apartment Hotel, was initially offered by San Diego-Maui Group, a Hawaii partnership, as a subleasehold condominium project consisting of 84 subleasehold apartments contained in a single twelve-story residential apartment hotel building. The Project was renamed Kahana Beach Resort Condominium as reflected in the Supplementary Public Report dated November 16, 1973 and was completed in 1974.
2. The entire project was purchased and acquired by Hogan, Hogan, Hogan and Hogan, Inc., a Hawaii corporation, now known as The Kahana Beach Resort, Inc., a Hawaii corporation, by deed dated October 22, 1975 and recorded in the Bureau of Conveyances of the State of Hawaii ("recorded in the Bureau") in Book 10996, Page 347. Related parties acquired the lessee-sublessor and sublessee interests. In August, 1999, the master lease and apartment subleases were cancelled and thereafter the entire Project was sold in fee simple to the present Developer, Consolidated Maui, Inc.
3. On April 12, 2000 Consolidated Maui, Inc. acquired the entire Project in fee simple from The Kahana Beach Resort, Inc., as evidenced by a deed dated April 5, 2000, recorded in the Bureau as Document No. 2000-048961. On the same day, in order to reinstate the leasehold character of the Project, Consolidated Maui, Inc. recorded 84 condominium conveyance documents to itself and conveyed the leased-fee interest in the Project, together with the interest of the grantor-lessor under each condominium conveyance document to Janice J. Lau. The deed to Ms. Lau was dated April 5, 2000 and recorded in the Bureau as Document No. 2000-049048. The 84 condominium conveyance documents were also each dated April 5, 2000, and recorded in the Bureau on April 12, 2000 with document numbers 2000-048962 through 2000-049045, consecutively beginning with Apartment Number 101 (CPR No. 1) and ending with Apartment No. 1207 (CPR No. 84).
4. The Project's Declaration and Bylaws have been amended and restated in their entirety by instruments dated July 3, 2000, and recorded in the Bureau as Document Nos. 2000-093606 and 2000-093607, respectively. The Amended and Restated Declaration and Bylaws differ significantly from the Project's original declaration and bylaws, as amended, and supersede both documents in their entirety and all prior amendments and restatements thereto.
5. The Project's Amended and Restated Declaration expressly permits the Project's apartments to be used for residential, transient vacation, resort or hotel purposes, specifically including time sharing purposes pursuant to a "time share plan" as defined in, and established in accordance with the requirements of Chapter 514E of the Hawaii Revised Statutes, as amended. The developer has submitted a time share registration application to the Department of Commerce and Consumer Affairs, State of Hawaii. All of the apartments have been submitted to a Declaration of Covenants, Conditions, and Restrictions for Vacation Plan Ownership in the Kahana Beach Vacation Club dated July 18, 2000 and recorded in the Bureau as Document No. 2000-101522 (the "Time Share Declaration"). Copies of the Time Share Declaration and the Bylaws of the Kahana Beach Vacation Club are on file with the Real Estate Commission as part of this registration. The Developer intends to offer for sale undivided interests in the apartments in accordance with and subject to the Time Share Declaration. Prospective purchasers are urged to read the Time Share Declaration and Bylaws carefully before purchasing an interest in an apartment.
6. The Developer, Real Estate Broker, Escrow Company, Managing Agent and Attorney for the Developer have changed. The terms of the condominium conveyance documents differ from the terms of the original apartment subleases.

**SPECIAL ATTENTION**

THE DEVELOPER HAS DISCLOSED THAT THE APARTMENTS IN THE PROJECT WILL BE OFFERED AND SOLD **WITHOUT WARRANTIES** AS TO THE HABITABILITY, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR USE OR PURPOSE, WORKMANSHIP, MATERIALS, OR DEFECTS OF ANY KIND AND WITHOUT ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH REGARD TO THE APARTMENT AND ANY FURNISHINGS, FIXTURES OR APPLIANCES THEREIN, THE PROJECT OR ANY OF THE COMMON ELEMENTS OR LIMITED COMMON ELEMENTS. EACH APARTMENT SHALL BE SOLD BY THE DEVELOPER AND ACCEPTED BY THE PURCHASER STRICTLY IN "AS IS" CONDITION.

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## **General Information On Condominiums**

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

## **Operation of the Condominium Project**

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Consolidated Maui, Inc. Phone: (808)669-7444  
Name\* (Business)  
10 Ho'ohui Road, Suite 201  
Business Address  
Lahaina, Maui, Hawaii 96761

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

Frederick Conte – President Terry Cypher – Treasurer  
Michael Kaplan – Secretary & Director Lynn Rutledge – Asst. Secretary  
Marcus Baricuatro – Vice President Arthur Spector – Director

Real Estate Broker\*: Consolidated Resorts, Inc. Phone: (808) 669-7444  
Name (Business)  
10 Ho'ohui Road, Suite 201.  
Business Address  
Lahaina, Maui, Hawaii 96761

Escrow: First Hawaii Title Company Phone: (808)528-5656  
Name (Business)  
1100 Alakea Street, Suite 1600  
Business Address  
Honolulu, Hawaii 96813

General Contractor\*: F & M Contractors, Inc. Phone: \_\_\_\_\_  
Name (Business)  
Wailuku, Maui  
Business Address  
(Construction completed in 1974; original contractor is not believed to be in business)

Condominium Managing Agent\*: Heritage Properties, Inc. Phone: (808)484-0155  
Name (Business)  
99-185 Moanalua Road, Suite 109  
Business Address  
Aiea, Hawaii 96701

Attorney for Developer: Lynn Rutledge, Esq., General Counsel Phone: (702) 967-5003  
Consolidated Maui, Inc. (Business: L. Rutledge)  
Business Address  
801 South Rampart, Suite 200  
Las Vegas, Nevada 89128  
and  
Cades Schutte Fleming & Wright Phone: (808) 521-9200  
Attn: Mark A. Hazlett (Business: M. Hazlett)  
Suite 1200, 1000 Bishop Street  
Honolulu, Hawaii 96813

\* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project. The Declaration for this condominium is:

- Proposed
- Recorded - Bureau of Conveyances: Document No. 2000-093606  
(amended and restated) Book \_\_\_\_\_
- Filed - Land Court: Document No. \_\_\_\_\_

The Declaration described above completely amends and restates the original Declaration, as amended, described below:

<u>Book</u>	<u>Page</u>	<u>Dated</u>	
8288	301	May 1, 1972	- Original Declaration
8450	277	June 30, 1972	- First Amendment
8790	129	November 28, 1972	- Second Amendment
9538	440	September 28, 1973	- Third Amendment (name changed to Kahana Beach Resort Condominium)
10963	543	October 8, 1975	- Fourth Amendment
<u>Document No.</u>		<u>Dated</u>	
99-130521		August 3, 1999	- Restated and Amended Declaration
99-153136		August 31, 1999	- First Amendment to Restated and Amended Declaration

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed
- Recorded - Bureau of Conveyances Condo Map No. 228
- Filed - Land Court Condo Map No. \_\_\_\_\_

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

- Proposed
- Recorded - Bureau of Conveyances: Document No. 2000-093607  
(amended and restated) Book \_\_\_\_\_ Page \_\_\_\_\_
- Filed - Land Court: Document No. \_\_\_\_\_

The Bylaws described above completely amend and restate the original Bylaws, which were an exhibit to the original declaration and further amended, as described below:

<u>Document No.</u>	<u>Dated</u>	
99-132945	August 31, 1999	- Restated and Amended By-Laws
99-153136	August 31, 1999	- Amendment to Bylaws

**D. House Rules.** The Board of Directors may adopt Huse Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed             Adopted             Developer does not plan to adopt House Rules

**E. Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	_____	Majority of Board

\* The percentage for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. Developer:

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

See attached Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

**Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.**

Exhibit \_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s) \_\_\_\_\_

Lease Rent Payable:      Monthly                                      Quarterly  
                                   Semi-Annually                                      Annually

Exhibit \_\_ contains a schedule of the lease rent for each apartment per:  Month  Year

For Subleaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
 Canceled                                      Foreclosed

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

**Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.**

Exhibit "I" contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: June 30, 2060                                     Rent Renegotiation Date(s) June 30, 2025,  
June 30, 2035, June 30, 2045 and June 30, 2055

Lease Rent Payable:      Monthly                                      Quarterly  
                                   Semi-Annually                                      Annually

Exhibit "I" contains a schedule of the lease rent for each apartment per:  Month  Year  
Rent commences July 1, 2000.

Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: 4221 Lower Honoapiilani Highway  
Lahaina, Maui, Hawaii 96761

Tax Map Key (TMK): (2)4-3-10-1  
(CPR Nos. 1 through 84)

Address  TMK is expected to change because \_\_\_\_\_  
\_\_\_\_\_

Land Area: approx. 1.018\*  square feet  acre(s) Zoning: Hotel use

\*The area is based on the original declaration. The land is oceanfront and the area of the land is subject to change based on changes in the ocean shoreline boundary in accordance with state law.

Fee Owner: Janice J. Lau  
 Name c/o Kurisu & Fergus  
1000 Bishop Street, Suite 310  
 Address  
Honolulu, Hawaii 96813

Grantor/  
 Developer: Consolidated Maui, Inc.  
 Name  
801 S. Rampart Blvd., Suite 200  
 Address  
Las Vegas, Nevada 89145

**C. Buildings and Other Improvements:**

1.  New Building(s)\*  Conversion of Existing Building(s)  Both New Building(s) and Conversion

\*New at time of initial public reports.

2. Number of Buildings: 1 Floors Per Building 12

Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other Steel, aluminum, glass and allied building materials

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted <u>By Zoning</u>		No. of Apts.	Use Permitted <u>By Zoning</u>
<input type="checkbox"/> Residential	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Hotel *	<u>84</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Timeshare *	<u>84</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other:	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes  No

\* The project contains a total of 84 units, which may be used for hotel or time-share purposes.

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

Pets: No pets, except animals upon which disabled persons depend for assistance (see Section K of the Rules and Regulations)

Number of Occupants: \_\_\_\_\_

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 2                      Stairways: 1                      Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Studio</u>	<u>72</u>	<u>0/1</u>	<u>403 (560 gross) **</u>	<u>77</u>	<u>Lanai</u>
<u>1 BR</u>	<u>12</u>	<u>1/2</u>	<u>902 (1,280 gross)**</u>	<u>154</u>	<u>Lanai</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Apartments: 84

**\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

**\*\*Gross floor area figures given in original public reports and are included for comparison purposes. Actual areas as completed may vary in particular cases.**

**Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.**

Boundaries of Each Apartment:

SEE EXHIBIT "B"

Permitted Alterations to Apartments:

SEE EXHIBIT "B"

7. Parking Stalls:

Total Parking Stalls: 43

	<u>Regular</u>		<u>Compact</u>		<u>Handicap</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>000</u>
Guest	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>000</u>
Unassigned	<u>00</u>	<u>42</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>01</u>	<u>043</u>
Extra for Purchase	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>000</u>
Other:	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>000</u>
Total Covered and Open	<u>042</u>		<u>000</u>		<u>001</u>		<u>043</u>

Each apartment will have the exclusive use of at least 0 parking stall(s).

Commercial parking garage permitted in condominium project.

Exhibit \_\_\_ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool       Storage Area       Recreation Area (Beach)

Laundry Area       Tennis Court       Trash Chute/Enclosure(s)

Other: Sundeck

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

There are no violations.       Violations will not be cured.

Violations and cost to cure are listed below.       Violations will be cured by \_\_\_\_\_  
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations  
(For conversions of residential apartments in existence for at least five years):

N/A

11. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>  x  </u>	<u>      </u>	<u>      </u>
Structures*	<u>  x  </u>	<u>      </u>	<u>      </u>
Lot	<u>  x  </u>	<u>      </u>	<u>      </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

\*The Project was built as an apartment-hotel with kitchens in all units and parking based on one stall for every two units as is also required for hotels. Maui later imposed greater parking requirements for "apartment houses," which the Developer believes do not apply to the Project, but the matter is not free from doubt. If such requirements were deemed to apply, then the Project would be a non-conforming structure. Similar issues may arise if use of the Project changes or in the event of a new shoreline determination. See page 22 "Additional Information Not Covered Above" for further information.

**D. Common Elements, Limited Common Elements, Common Interest:**

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit "D".

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration are:

described in Exhibit \_\_\_\_.

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit "C".

as follows:

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit "E" describes the encumbrances against the title contained in the title report dated July 25, 2000  
and issued by First Hawaii Title Corporation

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed <b>Prior to Conveyance</b></u>
Mortgage	The buyer's interest under a sales contract will be subject to the interest of the mortgagee under the mortgage. Exhibit "E" describes a mortgage and other security documents held by a mortgage lender. This means, among other things, that if the developer defaults under the mortgage, the lender may take over the project or cancel the sales contract and refund deposits remaining in escrow. Before an interest in an apartment is conveyed to a buyer, the apartment must be free from existing blanket mortgages. The lender must also release any other liens or security interests it holds from the apartment.

**F. Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

Construction of the project was completed over 25 years ago by a prior unrelated developer. The apartments are being sold strictly in "as is" condition. The Developer makes no warranties whatsoever, express or implied, as to the condition of the apartments, common elements or any improvements comprising part of the project, as to the habitability or merchantability of any apartment or the project, or as to the fitness of the apartments, the common elements and the project for any particular use or purpose.

2. Appliances:

The Developer makes no warranties whatsoever as to any appliances, fixtures or furnishings conveyed together with an apartment or otherwise used or owned in common by the association or apartment owners of the project.

**G. Status of Construction and Date of Completion or Estimated Completion Date:**

Construction of the project was completed in 1974.

**H. Project Phases:**

The developer [ ] has [X] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

**IV. CONDOMINIUM MANAGEMENT**

**A. Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer\*  the Developer or the Developer's affiliate
- self-managed by the Association of Apartment Owners  other \_\_\_\_\_

\*Managing agent does manage other projects developed by Developer.

**B. Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit "F" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

**C. Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None  Electricity (\_\_\_ Common Elements only \_\_\_X\_\_\_ Common Elements & Apartments)
- Gas (\_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)
- Water  Sewer  Television Cable
- Other Refuse Collection \_\_\_\_\_

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

[ ] Notice to Owner Occupants

[xx] Specimen Sales Contract

Exhibit "G" contains a summary of the pertinent provisions of the sales contract.

[xx] Escrow Agreement dated May 15, 2000

Exhibit "H" contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other \_\_\_\_\_

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:

- 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**

B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other Declaration of Covenants, Conditions and Restrictions for Vacation Plan Ownership in the Kahana Beach Vacation Club and amendments; Bylaws of the Kahana Beach Vacation Club.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is part of Registration No. 440 filed with the Real Estate Commission on March 14, 1972.

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YELLOW paper stock

WHITE paper stock

PINK paper stock

C. Additional Information Not Covered Above:

Prior to the first sale of an apartment in the project, the developer intends to establish a “time share plan” for the project, in accordance with the requirements of Chapter 514E, HRS. Accordingly, all of the apartments in the project will be offered initially only to purchasers of fractionalized time share interests. **THIS SUPPLEMENTARY PUBLIC REPORT DOES NOT AND IS NOT INTENDED TO DISCLOSE DETAILED INFORMATION REGARDING TIME SHARE PLANS OR TIME SHARE OWNERSHIP, EITHER IN GENERAL OR AS THEY MIGHT APPLY TO THIS PROJECT.** The developer has submitted to the Department of Commerce and Consumer Affairs of the State of Hawaii a time share registration application for the project. Upon final registration of the project’s time share plan, and prior to the first sale of an apartment in the project, the developer will provide each prospective purchaser with all applicable disclosure and other time share documents required to be provided to purchasers under Chapter 514E.

The Project is oceanfront and within a Special Management Area (“SMA”) designated pursuant to Hawaii’s Coastal Zone Management law and county ordinance. A Special Management Area Use Permit would likely be required as a condition to any building permit in the event of reconstruction of the Project because of damage or destruction or because of a taking of all or a portion of the property by condemnation. In such event, a new land survey and certification of the shoreline would also likely be required as a condition to the issuance of any SMA permits. If a new survey revealed the shoreline had receded with land lost to the sea, such certification could result in there being an insufficient shoreline setback for the property requiring either a variance or further modifications. Changes in building and zoning requirements could have a similar affect. Similarly any redevelopment of the Project may also first require a SMA permit.

The Project’s parking is based on its current transient, apartment hotel use. In the event the use of the Project were changed such that the Project were deemed an apartment house, or otherwise changed to a non-transient uses, additional parking may be required under other ordinances. Apartment-houses and certain other non-transient uses require two parking stalls for every unit.

**D.** The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Consolidated Maui, Inc.  
Printed Name of Developer

By:  August 4, 2000  
Duly Authorized Signatory\* Date

By: \_\_\_\_\_  
Duly Authorized Signatory\* Date

Marcus Baricuatro – Vice-President  
Printed Name & Title of Person Signing Above

Distribution:

*\* Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.*

## DEVELOPER'S RIGHT TO CHANGE DOCUMENTS

Paragraph 18 of the Amended and Restated Declaration\* in relevant part provides as follows:

(a) Except as otherwise provided herein or in the Act, this Declaration may be amended by a vote or written consent of the Unit owners of seventy-five percent (75%) of the interests in the common elements effective only upon the recording of an instrument in the Bureau setting forth such amendment and vote, duly executed by such owners or by the proper officers of the Association. Notwithstanding the lease, sale or conveyance of any of the Units, or any interest therein, the Declarant may amend this Declaration (and when applicable, any exhibits to this Declaration) and the Condominium Map to file an "as-built" verified statement required by Section 514A-12 of the Act in connection with any renovation of the Project or any part thereof (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans thereto filed fully and accurately depict the layout, location, Unit numbers, and the dimensions of the Units as built, or (ii) so long as the plans filed therewith involve only minor changes to the layout, location, or dimensions of the Units as built or any change in the Unit number. No amendment of the Declaration, the Bylaws, the House Rules, or Condominium Map shall, without Declarant's prior written consent, limit, affect or impair the reserved rights of Declarant under this Declaration. The written consent of the Fee Owner and eligible holders of first mortgages (as defined below) on Units to which at least fifty-one percent (51%) of the common interests appurtenant to Units subject to mortgages held by such eligible holders shall be required to materially amend any provision herein, or to add any material provisions hereto, which establish, provide for, govern or regulate any of the following in a manner materially different than provided herein: (a) voting; (b) assessments, assessment liens or subordination of such liens; (c) reserves for maintenance, repair and replacement of the common elements; (d) insurance or fidelity bonds; (e) reallocation of interests in or the right to use of the common and limited elements; (f) responsibility for maintenance and repair of the several portions of the Project; (g) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project not otherwise provided for herein; (h) boundaries of any Unit; (i) the interests in the common elements; (j) convertibility of Units into common elements or of common elements into Units; (k) leasing of Units; (l) imposition of any right of first refusal or similar restriction on the right of an Unit owner to sell, transfer, or otherwise convey such Unit owner's Unit not otherwise provided for herein; (m) a decision to end professional management and adopt self-management; (n) restoration or repair of the Project in a manner other than that specified herein; and (o) any provisions that expressly benefit the Fee Owner, mortgage holders, insurers, or guarantors. An "eligible holder of first mortgage" is defined in this paragraph 18 as a first mortgagee which has made a written request to the Association for timely written notice of proposed amendments to the condominium documents.

(b) Any other provision of this Declaration notwithstanding, for so long as the Declarant retains any interest in a Unit in the Project, including, but not limited to, the interest of a mortgagee or holder of any security interest in a unit, the Declarant shall have the right (but not the obligation) to amend this Declaration and the Bylaws (and the Condominium Map, if appropriate) without the consent or joinder of any Apartment Owner, lienholder or other person or entity, for the purpose of meeting any requirement imposed by (i) any applicable law, (ii) the Real Estate Commission of the State of Hawaii, (iii) any title insurance company issuing a title insurance policy on the Project or any of the Apartments, (iv) any institutional lender lending funds on the security of the Project or any of the Apartments, or (v) any other governmental or quasi-governmental agency including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the U.S. Department of Housing and Urban Development or the Veterans Administration; provided, however, that no amendment which would change the common interest appurtenant to a unit or substantially change the design, location or size of a unit shall be made without the consent of all persons having an interest in such Apartment. Each and every party acquiring an interest in the Project, by such acquisition, consents to the amendments described in this subparagraph 18(b) and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same, and appoints the Declarant and its assigns as his or her attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his or her behalf, which grant of such power, being coupled with an interest, is irrevocable for the duration of such reserved rights, and shall not be affected by the disability of such party or parties.

\*The Declaration uses the terms "Declarant" for the Developer and "Unit" for each apartment.

**BOUNDARIES OF APARTMENTS  
AND  
PERMITTED ALTERATIONS TO APARTMENTS**

**A. Boundaries of Apartments**

Paragraph 4 of the Declaration provides in relevant part:

Notwithstanding the floor areas set forth herein and the manner in which such floor areas have been measured, the Units shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, supports, roofs, and ceilings located within or at the perimeter of or surrounding such Unit, any pipes, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes, air exhaust or air conditioning running through or otherwise within such Unit which are utilized for or serve more than one Unit, all of which are deemed common elements as hereinafter provided. Each Unit shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls, the inner decorated or finished surfaces of all walls, floors, roofs and ceilings, all glass windows, window frames, louvers (if any), shutters (if any), panels, doors and door frames along its perimeter, the lanais shown on the Condominium Map to the inner decorated or finished surfaces of the exterior perimeter walls of such lanais and to the exterior edge of the exterior railings or other boundaries of such lanais, and all of the fixtures and appliances (if any) originally installed therein.

The boundaries of the respective Units or apartments do not include the Common Elements, which are described in Exhibit "D."

**B. Permitted Alterations to the Apartments**

Paragraph 17 of the Declaration provides as follows:

(a) General. Except as otherwise provided in the Declaration or the Act or as otherwise required by law, neither the Association nor any Unit owner shall perform any of the following acts except pursuant to plans and specifications therefor approved in writing by the Board and the Fee Owner;

- (i) repairing, replacing or rebuilding any Unit or any of the common and limited common elements in a manner different in any material respect from the Condominium Map;
- (ii) engaging in any alterations which will affect the structural integrity of any Unit or the common and limited common elements;
- (iii) constructing on the common and limited common elements any new building or structure; or
- (iv) enclosing any lanai, balcony, patio or parking stall.

Upon the completion of any such work, there shall be filed with the Board a final "as built" set of the plans and specifications for such work, and if any such work should constitute a material alteration to the Project as shown on the Condominium Map (as determined by the Board), the Association or Unit owner, as the case may be, shall file an amendment to the Declaration describing such alteration and amending the Condominium Map to show such alteration, together with a certificate signed by a registered architect or professional engineer, certifying that the plans showing such alterations accurately reflect such alterations, as built. Such amendment shall be signed by the Association or the Unit owner, as the case may be, and

**EXHIBIT "B"**

approved by the Board and the Fee Owner, and no consent or joinder of any other Unit owner or person shall be required. Except as otherwise provided in the Declaration, the Bylaws and the House Rules, each Unit owner shall be free, with the consent of all mortgagees of record of any interest in such Unit owner's Unit, to make such alterations and improvements within such Unit owner's Unit or within or on the limited common elements appurtenant thereto, without the consent or joinder of the Fee Owner, the Board, the Association, any Unit owner, Developer or any other person.

(b) Certain Work Prohibited. Notwithstanding anything to the contrary in the Declaration, no Unit owner (a) shall do any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement; (b) shall add any material structure or excavate any basement or cellar, (c) shall enclose any lanai, balcony or patio, or (d) shall rebuild, repair or restore the Project in the event of substantial or total destruction of the Project, without in every such case obtaining the prior consent of seventy-five percent (75%) of the Unit owners, together with the prior written consent of the Fee Owner, all mortgagees of record and Unit owners whose Units or limited common elements appurtenant thereto are directly affected; provided that nonmaterial structural additions to the common elements, including "solar energy devices" as defined in Section 514A-89 of the Act, or additions to or alterations of an Unit made within such Unit or within a limited common element appurtenant to and for the exclusive use of the Unit, shall require approval only by the Board and such percentage, number, or group of Unit owners or other parties as may be required by THE Declaration or the Bylaws. As used in this subparagraph, "nonmaterial structural additions to the common elements" means a structural addition to the common elements which does not jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement, detract from the appearance of the Project from outside any Unit, interfere with or deprive any nonconsenting Unit owner of the use or enjoyment of any part of the Project or directly and materially affect any nonconsenting Unit owner.

Article VIII of the Bylaws contains additional information regarding alterations to the Units (Apartments), and the common elements.

**APARTMENT NUMBERS, LOCATION, CPR NO., APARTMENT TYPE,  
UNDIVIDED PERCENTAGE INTEREST AND CCD RECORDATION**

UNIT NO.	FLOOR	CPR NO.	UNIT TYPE	UNDIVIDED PERCENTAGE INTEREST	CCD RECORDATION
101	1 <sup>st</sup>	1	Studio	1/96 (1.04166+%)	2000-048962
102	1 <sup>st</sup>	2	Studio	1/96 (1.04166+%)	2000-048963
103	1 <sup>st</sup>	3	One Bedroom	2/96 (2.08333+%)	2000-048964
104	1 <sup>st</sup>	4	Studio	1/96 (1.04166+%)	2000-048965
105	1 <sup>st</sup>	5	Studio	1/96 (1.04166+%)	2000-048966
106	1 <sup>st</sup>	6	Studio	1/96 (1.04166+%)	2000-048967
107	1 <sup>st</sup>	7	Studio	1/96 (1.04166+%)	2000-048968
201	2 <sup>nd</sup>	8	Studio	1/96 (1.04166+%)	2000-048969
202	2 <sup>nd</sup>	9	Studio	1/96 (1.04166+%)	2000-048970
203	2 <sup>nd</sup>	10	One Bedroom	2/96 (2.08333+%)	2000-048971
204	2 <sup>nd</sup>	11	Studio	1/96 (1.04166+%)	2000-048972
205	2 <sup>nd</sup>	12	Studio	1/96 (1.04166+%)	2000-048973
206	2 <sup>nd</sup>	13	Studio	1/96 (1.04166+%)	2000-048974
207	2 <sup>nd</sup>	14	Studio	1/96 (1.04166+%)	2000-048975
301	3 <sup>rd</sup>	15	Studio	1/96 (1.04166+%)	2000-048976
302	3 <sup>rd</sup>	16	Studio	1/96 (1.04166+%)	2000-048977
303	3 <sup>rd</sup>	17	One Bedroom	2/96 (2.08333+%)	2000-048978
304	3 <sup>rd</sup>	18	Studio	1/96 (1.04166+%)	2000-048979
305	3 <sup>rd</sup>	19	Studio	1/96 (1.04166+%)	2000-048980
306	3 <sup>rd</sup>	20	Studio	1/96 (1.04166+%)	2000-048981
307	3 <sup>rd</sup>	21	Studio	1/96 (1.04166+%)	2000-048982
401	4 <sup>th</sup>	22	Studio	1/96 (1.04166+%)	2000-048983
402	4 <sup>th</sup>	23	Studio	1/96 (1.04166+%)	2000-048984
403	4 <sup>th</sup>	24	One Bedroom	2/96 (2.08333+%)	2000-048985
404	4 <sup>th</sup>	25	Studio	1/96 (1.04166+%)	2000-048986
405	4 <sup>th</sup>	26	Studio	1/96 (1.04166+%)	2000-048987
406	4 <sup>th</sup>	27	Studio	1/96 (1.04166+%)	2000-048988
407	4 <sup>th</sup>	28	Studio	1/96 (1.04166+%)	2000-048989
501	5 <sup>th</sup>	29	Studio	1/96 (1.04166+%)	2000-048990
502	5 <sup>th</sup>	30	Studio	1/96 (1.04166+%)	2000-048991
503	5 <sup>th</sup>	31	One Bedroom	2/96 (2.08333+%)	2000-048992
504	5 <sup>th</sup>	32	Studio	1/96 (1.04166+%)	2000-048993
505	5 <sup>th</sup>	33	Studio	1/96 (1.04166+%)	2000-048994
506	5 <sup>th</sup>	34	Studio	1/96 (1.04166+%)	2000-048995
507	5 <sup>th</sup>	35	Studio	1/96 (1.04166+%)	2000-048996

UNIT NO.	FLOOR	CPR NO.	UNIT TYPE	UNDIVIDED PERCENTAGE INTEREST	CCD RECORDATION
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601	6 <sup>th</sup>	36	Studio	1/96 (1.04166+%)	2000-048997
602	6 <sup>th</sup>	37	Studio	1/96 (1.04166+%)	2000-048998
603	6 <sup>th</sup>	38	One Bedroom	2/96 (2.08333+%)	2000-048999
604	6 <sup>th</sup>	39	Studio	1/96 (1.04166+%)	2000-049000
605	6 <sup>th</sup>	40	Studio	1/96 (1.04166+%)	2000-049001
606	6 <sup>th</sup>	41	Studio	1/96 (1.04166+%)	2000-049002
607	6 <sup>th</sup>	42	Studio	1/96 (1.04166+%)	2000-049003
701	7 <sup>th</sup>	43	Studio	1/96 (1.04166+%)	2000-049004
702	7 <sup>th</sup>	44	Studio	1/96 (1.04166+%)	2000-049005
703	7 <sup>th</sup>	45	One Bedroom	2/96 (2.08333+%)	2000-049006
704	7 <sup>th</sup>	46	Studio	1/96 (1.04166+%)	2000-049007
705	7 <sup>th</sup>	47	Studio	1/96 (1.04166+%)	2000-049008
706	7 <sup>th</sup>	48	Studio	1/96 (1.04166+%)	2000-049009
707	7 <sup>th</sup>	49	Studio	1/96 (1.04166+%)	2000-049010
801	8 <sup>th</sup>	50	Studio	1/96 (1.04166+%)	2000-049011
802	8 <sup>th</sup>	51	Studio	1/96 (1.04166+%)	2000-049012
803	8 <sup>th</sup>	52	One Bedroom	2/96 (2.08333+%)	2000-049013
804	8 <sup>th</sup>	53	Studio	1/96 (1.04166+%)	2000-049014
805	8 <sup>th</sup>	54	Studio	1/96 (1.04166+%)	2000-049015
806	8 <sup>th</sup>	55	Studio	1/96 (1.04166+%)	2000-049016
807	8 <sup>th</sup>	56	Studio	1/96 (1.04166+%)	2000-049017
901	9 <sup>th</sup>	57	Studio	1/96 (1.04166+%)	2000-049018
902	9 <sup>th</sup>	58	Studio	1/96 (1.04166+%)	2000-049019
903	9 <sup>th</sup>	59	One Bedroom	2/96 (2.08333+%)	2000-049020
904	9 <sup>th</sup>	60	Studio	1/96 (1.04166+%)	2000-049021
905	9 <sup>th</sup>	61	Studio	1/96 (1.04166+%)	2000-049022
906	9 <sup>th</sup>	62	Studio	1/96 (1.04166+%)	2000-049023
907	9 <sup>th</sup>	63	Studio	1/96 (1.04166+%)	2000-049024
1001	10 <sup>th</sup>	64	Studio	1/96 (1.04166+%)	2000-049025
1002	10 <sup>th</sup>	65	Studio	1/96 (1.04166+%)	2000-049026
1003	10 <sup>th</sup>	66	One Bedroom	2/96 (2.08333+%)	2000-049027
1004	10 <sup>th</sup>	67	Studio	1/96 (1.04166+%)	2000-049028
1005	10 <sup>th</sup>	68	Studio	1/96 (1.04166+%)	2000-049029
1006	10 <sup>th</sup>	69	Studio	1/96 (1.04166+%)	2000-049030
1007	10 <sup>th</sup>	70	Studio	1/96 (1.04166+%)	2000-049031

**EXHIBIT "C"**

UNIT NO.	FLOOR	CPR NO.	UNIT TYPE	UNDIVIDED PERCENTAGE INTEREST	CCD RECORDATION
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1101	11 <sup>th</sup>	71	Studio	1/96 (1.04166+%)	2000-049032
1102	11 <sup>th</sup>	72	Studio	1/96 (1.04166+%)	2000-049033
1103	11 <sup>th</sup>	73	One Bedroom	2/96 (2.08333+%)	2000-049034
1104	11 <sup>th</sup>	74	Studio	1/96 (1.04166+%)	2000-049035
1105	11 <sup>th</sup>	75	Studio	1/96 (1.04166+%)	2000-049036
1106	11 <sup>th</sup>	76	Studio	1/96 (1.04166+%)	2000-049037
1107	11 <sup>th</sup>	77	Studio	1/96 (1.04166+%)	2000-049038
1201	12 <sup>th</sup>	78	Studio	1/96 (1.04166+%)	2000-049039
1202	12 <sup>th</sup>	79	Studio	1/96 (1.04166+%)	2000-049040
1203	12 <sup>th</sup>	80	One Bedroom	2/96 (2.08333+%)	2000-049041
1204	12 <sup>th</sup>	81	Studio	1/96 (1.04166+%)	2000-049042
1205	12 <sup>th</sup>	82	Studio	1/96 (1.04166+%)	2000-049043
1206	12 <sup>th</sup>	83	Studio	1/96 (1.04166+%)	2000-049044
1207	12 <sup>th</sup>	84	Studio	1/96 (1.04166+%)	2000-049045

The common interests listed above were computed by treating each of the 12 one-bedroom apartments as the equivalent of two studio apartments. Given 12 one-bedroom and 72 studio apartments, each one-bedroom was given a common interest equivalent to 2/96<sup>ths</sup> and each studio 1/96<sup>th</sup> common interest.

## **COMMON ELEMENTS**

The common elements, as described in paragraph 5 of the Declaration, are as follows:

- (a) The Land in fee simple.
- (b) All foundations; columns; girders; beams; floor slabs; supports; perimeter, party and load-bearing walls and partitions (excluding the finishes thereon within a Unit), and roofs of the Project.
- (c) All lobby areas, stairways, walkways, corridors, ramps, loading areas and platforms, fences, entrances, entryways and exits of the Project, all maintenance rooms, storage rooms, trash rooms, management rooms (including, without limitation, the manager's office), security rooms and common toilet facilities in the Project.
- (d) The parking area for forty-three (43) cars, driveways, loading and service areas, swimming pool, yard and refuse area, paths, walkways, walkway railings, landscaping, and gardens of the Project.
- (e) All ducts, vents, shafts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, pipes, conduits, cables, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Unit for services such as power, light, water, gas (if any), cable television (if any), air conditioning, sewer, refuse, telephone, and radio and television signal distribution.
- (f) Any and all apparatus and installations existing for common use, such as elevators, tanks, pumps, motors, fans, compressors, water heaters, washers, dryers and, in general, all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use, including, without limitation, the breezeway, trashrooms, switchroom and transformer vault.
- (g) All mechanical, electrical and air conditioning equipment originally installed and located within any pump room, mechanical room, fire control room, transformer room or electrical room or located elsewhere in the Project (whether or not utilized for or serving only one Unit).

## **LIMITED COMMON ELEMENTS**

There are no limited common elements; however, certain documents contain references to limited common elements in the event such elements are designated in the future in accordance with then applicable law.

**ENCUMBRANCES AGAINST TITLE**

The Title Insurance Commitment dated July 25, 2000, issued by First Hawaii Title Corporation discloses the following encumbrances against title to the land of the Project:

1. REAL PROPERTY TAXES THAT MAY BE DUE AND OWING. Refer to the Real Property Tax Division of the Maui County Department of Finance for further information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Shoreline setbacks: "Shoreline setbacks established pursuant to the laws of the State of Hawaii, or any political subdivision thereof, and any ordinances, rules or regulations adopted or promulgated by any governmental authority pursuant to such laws."
4. Seaward boundary: "Determination of the seaward boundary of the land described herein pursuant to the laws of the State of Hawaii" .
5. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:

**DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "KAHANA BEACH APARTMENT HOTEL"**

Dated: May 1, 1972  
Book: 8288  
Page: 301

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

Condominium Map No. 228, as amended, and the By-Laws attached thereto, to which reference is hereby made.

The foregoing Declaration of Condominium Property Regime was amended by the following:

<u>Book</u>	<u>Page</u>	<u>Dated</u>
8450	277	06/30/72
8790	129	11/28/72
9538	440	09/28/73 (project name changed to Kahana Beach Resort Condominium)
10963	543	10/08/75

**RESTATED AND AMENDED DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "KAHANA BEACH RESORT CONDOMINIUM"**

Dated: August 3, 1999  
Document No. 99-130521

The foregoing Declaration of Condominium Property Regime was amended by the following:

Document No.

Dated

99-153136

08/31/99

COMPLETE AMENDMENT AND RESTATEMENT OF DECLARATION OF CONDOMINIUM  
PROPERTY REGIME OF KAHANA BEACH RESORT CONDOMINIUM

Dated July 3, 2000

Document No. 2000-093606

RESTATED AND AMENDED BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF  
KAHANA BEACH RESORT CONDOMINIUM

Dated: August 31, 1999

Document No. 99-132945

to which reference is hereby made

The foregoing By-Laws were amended by the following:

Document No.

Dated

99-153136

08/31/99

COMPLETE AMENDMENT AND RESTATEMENT OF THE BYLAWS OF THE ASSOCIATION OF  
UNIT OWNERS OF KAHANA BEACH RESORT CONDOMINIUM

Dated July 3, 2000

Document No. 2000-093607

6. GRANT

In Favor Of: MAUI ELECTRIC COMPANY, LIMITED, a Hawaii corporation and HAWAIIAN  
TELEPHONE COMPANY, now known as GTE HAWAIIAN TELEPHONE  
COMPANY INCORPORATED, a Hawaii corporation

Dated: May 20, 1983

Book: 17224

Page: 91

Purpose: granting an easement for anchor easement and incidental purposes

7. Any unrecorded leases, subleases, and/or tenancy agreements demising a portion of the land herein described, and any encumbrances affecting the same.
8. Any lien, or right to a lien, for service, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.
9. The terms, provisions, covenants, easements and reservations of that certain Condominium Conveyance Document(s) herein referred to.
10. The following item(s), as shown on the survey map prepared by Kirk T. Tanaka, Licensed Professional Land Surveyor, No. 7223, dated March 27, 2000:
  - (a) Concrete curb located on Lot 5 crosses into Lower Honoapiilani Road by 0.3 feet and 0.6 feet.

- (b) Water meter box located on Lot 5 crosses into Lower Honoapiilani Road by 0.5 feet.
- (c) Guy wire from guy pole located along Lower Honoapiilani Road crosses into subject parcel by 3.7 feet.
- (d) Guy pole and guy wire is located entirely within subject parcel.
- (e) Portion of chainlink fence located in subject parcel abuts a rock wall with hogwire fence at top which is located in Tax Map Key No. (2) 4-3-10-002, protruding into said Tax Map Key No. (2) 4-3-10-002 by 2.2 feet. First Hawaii Title Corporation is unable to determine the ownership of said rock wall.

11. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in the following:

DEED

Dated: April 5, 2000  
 Document No. 2000-048961

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons

12. MORTGAGE

Mortgagor: CONSOLIDATED MAUI, INC., a Hawaii corporation, and CONSOLIDATED KONA, INC., a Hawaii corporation  
 Mortgagee: FINOVA CAPITAL CORPORATION, a Delaware corporation  
 Dated: April 6, 2000  
 Document No. 2618638  
 Document No. 2000-049049

The foregoing Mortgage was amended by the following:

MODIFICATION OF MORTGAGE

Dated: April 18, 2000  
 Document No. 2000-052908  
 Re: To include various intervals in Apartments No. 117, 162, 163, 217, 262, 352, 371, 462, 465, 471, and 472 of the Sands of Kahana

13. ASSIGNMENT OF DECLARANT'S RIGHTS

Assignor: CONSOLIDATED KONA, INC., a Hawaii corporation ("CKI"), CONSOLIDATED MAUI, INC., a Hawaii corporation ("CMI"), and CONSOLIDATED RESORTS, INC., a Hawaii corporation, ("CRI"), SOLEIL LV, LLC, a Nevada limited liability company ("Soleil")  
 Assignee: FINOVA CAPITAL CORPORATION, a Delaware corporation  
 Dated: April 7, 2000  
 Document No. 2000-049050

14. FINANCING STATEMENT

Debtor: CONSOLIDATED RESORTS, INC., a Hawaii corporation, CONSOLIDATED MAUI, INC., a Hawaii corporation, CONSOLIDATED KONA, INC., a Hawaii corporation, and SOLEIL LV. LLC, a Nevada limited liability company  
Secured Party: FINOVA CAPITAL CORPORATION, a Delaware corporation  
Recorded: April 12, 2000  
Document No. 2000-049051

The foregoing Financing Statement was amended by the following:

AMENDMENT TO FINANCING STATEMENT

Filed: April 19, 2000  
Document No. 2000-052909  
Re: To include various intervals in Apartments No. 117, 162, 163, 217, 262, 352, 371, 462, 465, 471, and 472 of the Sands of Kahana

15. CERTIFICATION AND AGREEMENT AS TO LEASE AGREEMENT

By and Between: JANICE L. LAU, wife of Michael Fergus, in her sole and separate right, as "Lessor", and CONSOLIDATED MAUI, INC., a Hawaii corporation, "Lessee", FINOVA CAPITAL CORPORATION, a Delaware corporation, "Lender"  
Dated: April 7, 2000  
Document No. 2000-049052

16. FINANCING STATEMENT

Debtor: CONSOLIDATED RESORTS, INC., CONSOLIDATED MAUI, INC., CONSOLIDATED KONA, INC., SOLEIL LV. LLC  
Secured Party: FINOVA CAPITAL CORPORATION  
Recorded: April 26, 2000  
Document No. 2000-056152

17. DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR VACATION PLAN OWNERSHIP IN THE KAHANA BEACH VACATION CLUB

Dated July 18, 2000  
Document No. 2000-101522

EXHIBIT "F"

**DISCLOSURE ABSTRACT**

1. (a) **PROJECT:** KAHANA BEACH RESORT  
4221 Lower Honoapiilani Highway  
Lahaina, Maui, Hawaii 96761
- (b) **DEVELOPER:** CONSOLIDATED MAUI, INC.  
10 Ho'ohui Road, Suite 201  
Lahaina, Maui, Hawaii 96761  
Telephone: (808) 669-7444
- (c) **MANAGING AGENT:** HERITAGE PROPERTIES, INC.  
99-185 Moanalua Road, Suite 109  
Aiea, Hawaii 96701  
Telephone: (808) 484-0155

2. **MAINTENANCE FEES AND MONTHLY ESTIMATE OF COSTS FOR EACH UNIT.**

This information follows item 4 below. The Developer shall assume the actual common expenses of the Project until the filing of an amended Disclosure Abstract pursuant to Section 514A-61(b), HRS, and the apartment owner shall not be liable as apartment owners for such expense in the interim; however, time share buyers shall be liable for all expenses of the Kahana Beach Vacation Club in accordance with the time share documents for the Kahana Beach Vacation Club.

3. **DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS.**

The Developer is not making any warranties relating to the materials and workmanship of the Project or the common elements.

4. **USE OF UNITS.**

The KAHANA BEACH RESORT condominium project consists of eighty-four (84) condominium apartments, each of which is a studio (72 units) or one-bedroom unit (12 units). The apartments may be used for residential, transient vacation, resort or hotel purposes, specifically including time sharing purposes pursuant a "time share plan" as defined under Chapter 514E, Hawaii Revised Statutes, as amended. There is no commercial or non-residential development in the project apartment from these uses ancillary or related to transient vacation, resort or hotel use, including time sharing (model units display, activity desks, sales activity, house-keeping services, etc.)

**ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
101 (Studio)	\$405.38	\$4,864.56
102 (Studio)	\$405.38	\$4,864.56
103 (1Br/1Bath)	\$810.76	\$9,729.12
104 (Studio)	\$405.38	\$4,864.56
105 (Studio)	\$405.38	\$4,864.56
106 (Studio)	\$405.38	\$4,864.56
107 (Studio)	\$405.38	\$4,864.56
201 (Studio)	\$405.38	\$4,864.56
202 (Studio)	\$405.38	\$4,864.56
203 (1Br/1Bath)	\$810.76	\$9,729.12
204 (Studio)	\$405.38	\$4,864.56
205 (Studio)	\$405.38	\$4,864.56
206 (Studio)	\$405.38	\$4,864.56
207 (Studio)	\$405.38	\$4,864.56
301 (Studio)	\$405.38	\$4,864.56
302 (Studio)	\$405.38	\$4,864.56
303 (1Br/1Bath)	\$810.76	\$9,729.12
304 (Studio)	\$405.38	\$4,864.56
305 (Studio)	\$405.38	\$4,864.56
306 (Studio)	\$405.38	\$4,864.56
307 (Studio)	\$405.38	\$4,864.56
401 (Studio)	\$405.38	\$4,864.56
402 (Studio)	\$405.38	\$4,864.56
403 (1Br/1Bath)	\$810.76	\$9,729.12
404 (Studio)	\$405.38	\$4,864.56
405 (Studio)	\$405.38	\$4,864.56
406 (Studio)	\$405.38	\$4,864.56
407 (Studio)	\$405.38	\$4,864.56
501 (Studio)	\$405.38	\$4,864.56
502 (Studio)	\$405.38	\$4,864.56
503 (1Br/1Bath)	\$810.76	\$9,729.12
504 (Studio)	\$405.38	\$4,864.56
505 (Studio)	\$405.38	\$4,864.56
506 (Studio)	\$405.38	\$4,864.56
507 (Studio)	\$405.38	\$4,864.56
601 (Studio)	\$405.38	\$4,864.56
602 (Studio)	\$405.38	\$4,864.56
603 (1Br/1Bath)	\$810.76	\$9,729.12
604 (Studio)	\$405.38	\$4,864.56
605 (Studio)	\$405.38	\$4,864.56
606 (Studio)	\$405.38	\$4,864.56
607 (Studio)	\$405.38	\$4,864.56

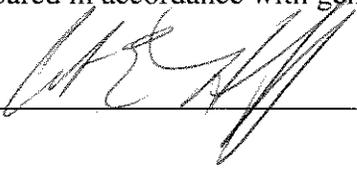
<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
701 (Studio)	\$405.38	\$4,864.56
702 (Studio)	\$405.38	\$4,864.56
703 (1Br/1Bath)	\$810.76	\$9,729.12
704 (Studio)	\$405.38	\$4,864.56
705 (Studio)	\$405.38	\$4,864.56
706 (Studio)	\$405.38	\$4,864.56
707 (Studio)	\$405.38	\$4,864.56
707 (Studio)	\$405.38	\$4,864.56
801 (Studio)	\$405.38	\$4,864.56
802 (Studio)	\$405.38	\$4,864.56
803 (1Br/1Bath)	\$810.76	\$9,729.12
804 (Studio)	\$405.38	\$4,864.56
805 (Studio)	\$405.38	\$4,864.56
806 (Studio)	\$405.38	\$4,864.56
807 (Studio)	\$405.38	\$4,864.56
901 (Studio)	\$405.38	\$4,864.56
902 (Studio)	\$405.38	\$4,864.56
903 (1Br/1Bath)	\$810.76	\$9,729.12
904 (Studio)	\$405.38	\$4,864.56
905 (Studio)	\$405.38	\$4,864.56
906 (Studio)	\$405.38	\$4,864.56
907 (Studio)	\$405.38	\$4,864.56
1001 (Studio)	\$405.38	\$4,864.56
1002 (Studio)	\$405.38	\$4,864.56
1003 (1Br/1Bath)	\$810.76	\$9,729.12
1004 (Studio)	\$405.38	\$4,864.56
1005 (Studio)	\$405.38	\$4,864.56
1006 (Studio)	\$405.38	\$4,864.56
1007 (Studio)	\$405.38	\$4,864.56
1101 (Studio)	\$405.38	\$4,864.56
1102 (Studio)	\$405.38	\$4,864.56
1103 (1Br/1Bath)	\$810.76	\$9,729.12
1104 (Studio)	\$405.38	\$4,864.56
1105 (Studio)	\$405.38	\$4,864.56
1106 (Studio)	\$405.38	\$4,864.56
1107 (Studio)	\$405.38	\$4,864.56
1201 (Studio)	\$405.38	\$4,864.56
1202 (Studio)	\$405.38	\$4,864.56
1203 (1Br/1Bath)	\$810.76	\$9,729.12
1204 (Studio)	\$405.38	\$4,864.56
1205 (Studio)	\$405.38	\$4,864.56
1206 (Studio)	\$405.38	\$4,864.56
1207 (Studio)	\$405.38	\$4,864.56

The Real Estate Commission has not reviewed the estimates or maintenance fee assessments and disbursements for their accuracy or sufficiency.

# AOAO KAHANA BEACH RESORT 2000 OPERATING BUDGET

	MONTHLY	ANNUAL
<b>EXPENSES:</b>		
INSURANCE	3,000	\$36,000
MAINTENANCE	4,000	48,000
BUILDING	14,000	
EQUIPMENT	12,000	
SUPPLIES	8,000	
GROUNDS	6,000	
POOL	8,000	
ADMINISTRATIVE PAYROLL	3,000	36,000
LEGAL & ACCOUNTING	500	6,000
SUPPLIES	333	4,000
REFUSE COLLECTION	833	10,000
ELECTRICITY (COMMON ELEMENTS & APARTME	11,250	135,000
WATER/SEWER	5,000	60,000
TELEPHONE	0	0
CABLE TELEVISION	3,500	42,000
MANAGEMENT FEE	2,000	24,000
SECURITY	1,500	18,000
REPLACEMENT RESERVES *	4,000	48,000
<b>TOTAL EXPENSES</b>	<b>\$38,916</b>	<b>\$467,000</b>

I, Carleton E. Hardin, Jr., as agent and employed by Heritage Properties, Inc., the condominium managing agent for the condominium project, the Kahana Beach Resort, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
 \_\_\_\_\_

Date: July 10, 2000

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

#### **EXPLANATION REGARDING RESERVES**

In arriving at the figure for "Replacement Reserves" in this Exhibit "F", the Developer has not conducted an independent, third party reserve study as may be contemplated by §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended (collectively, the "Reserves Law"). The Developer and the Managing Agent have determined replacement reserve levels based on good faith estimates with reference to the useful life of common element assets and with information from third party contractors and suppliers in accordance with the Reserves Law.

## SUMMARY OF SALES CONTRACT

Fractionalized "timeshare" interests in apartments in the Project will be sold by way of Vacation Plan Purchase Agreements (individually called the "Sales Contract"). The Sales Contract provides for the sale of one or more "Vacation Plans" in a specific type of apartment in the Project, during one of two identified "seasons".

The Sales Contract specifies the purchase price of the interests being purchased and the timing and method of payments. The Sales Contract also contains certain "truth in lending" disclosures which apply if the buyer will obtain financing from the seller. The Sales Contract provides that either the buyer or the seller may cancel the Sales Contract by written notice to the other party within seven (7) calendar days after the buyer signs the Sales Contract or receives a timeshare disclosure statement required by Hawaii law. If either party exercises its right to cancel within the specified time, the Sales Contract provides that the buyer shall be entitled to a refund of sums paid, less a sum no to exceed \$25.00. The Sales Contract also provides that the buyer may cancel the contract under other circumstances more specifically described in the Sales Contract.

The Sales Contract describes the interest being sold and the encumbrances to which the interests will be subject, and provides that the seller will cause a title insurance policy to be issued to the buyer after recordation of the buyer's Vacation Plan Conveyance Document. The Sales Contract identifies the condominium and timeshare documents which affect the Project.

The Sales Contract explains that the seller has entered into an escrow agreement with a Hawaii escrow company and provides some general information about the terms of the escrow agreement, as well as certain general instructions to escrow regarding the closing of the sale and recordation of documents.

The Sales Contract describes the seller's remedies if the buyer defaults under the Sales Contract, including the seller's right to terminate the Sales Contract and retain all sums previously paid by the buyer.

The Sales Contract discloses that the interests being sold are sold without warranties of any kind. The Sales Contract also explains the buyer's rights regarding assignment of the Sales Contract or resale of the interest purchased under the Sales Contract.

THIS IS ONLY A SUMMARY OF CERTAIN TERMS OF THE SALES CONTRACT. IT IS NOT A COMPLETE SUMMARY AND WILL NOT CONTROL IN THE EVENT OF A CONFLICT WITH ANY PROVISION IN THE SALES CONTRACT. PROSPECTIVE BUYERS ARE CAUTIONED AND ENCOURAGED TO READ CAREFULLY THE SALES CONTRACT.

## SUMMARY OF ESCROW AGREEMENT

Copies of the escrow agreement dated May 15, 2000 (the "Escrow Agreement"), between Consolidated Maui, Inc. (the "Seller"), First Hawaii Title Corporation ("Escrow") and Consolidated Resorts, Inc. (the "Sales Agent") have been submitted to the Real Estate Commission and are available for inspection in the Seller's sales office. The Escrow Agreement, among other things, covers in more detail the following items (which may be modified or otherwise limited by provisions not summarized):

1. All funds, negotiable instruments and purchase money contracts for the purchase of "Vacation Plans" (as defined in the Escrow Agreement) received before closing from or on behalf of a purchaser or prospective purchaser shall be placed with Escrow. The Seller or Sales Agent may hold, until expiration of the 7-day cancellation period provided by Section 514E-8, Hawaii Revised Statutes ("HRS") or a longer cancellation period (if applicable), a negotiable instrument or purchase money contract under certain circumstances explained in the Escrow Agreement; provided, however, that all moneys paid by purchasers prior to the purchaser's receipt of the final condominium public report on the project (and any subsequent supplementary condominium public report) shall be deposited with Escrow and no disbursements shall be made from such funds on behalf of the Seller until the purchaser's "Vacation Plan Purchase Agreement" (as defined in the Escrow Agreement) has become "binding" in accordance with Chapter 514A, HRS, and the requirements of Section 514A-40 and 514A-63, HRS, have been met.
2. Escrow shall deposit all funds received with a federally insured banking or savings and loan institution in Honolulu, Hawaii, at the prevailing interest rate, and all interest paid thereon shall be credited to the account of the Seller.
3. Escrow is authorized and directed to submit a purchaser's "Vacation Plan Conveyance Document" (as defined in the Escrow Agreement) and other related financing documents, if any, for recordation, if and only if certain events and conditions have occurred or been met, as more specifically explained in the Escrow Agreement. The conditions include various requirements set forth in Chapters 514E and 514A, HRS, concerning sales of interests in condominium apartments, including timeshare interests.
4. Upon recordation of a purchaser's Vacation Plan Conveyance Document and related documents (if any), Escrow will deliver to the Seller purchaser's funds, negotiable instruments and purchase money contracts made by the purchaser.
5. A purchaser shall be entitled to a return of all funds, negotiable instruments and purchase money contracts within 15 days after Escrow receives written notice that:
  - a. Seller requests Escrow to return the funds, etc.; or
  - b. Seller or Sales Agent notifies Escrow of the exercise of the option to rescind and cancel the "Vacation Plan Purchase Agreement" (as defined in the Escrow Agreement) pursuant to any rescission right stated therein or otherwise available to the Seller; or

- c. Seller, Sales Agent or the purchaser notifies Escrow of the purchaser's exercise of the option to rescind and cancel the Vacation Plan Purchase Agreement pursuant to any rescission right stated therein or otherwise available to the purchaser.

6. If the purchaser defaults under the Vacation Plan Purchase Agreement and the

Seller certifies in writing to Escrow the Seller's election to terminate the Vacation Plan Purchase Agreement, Escrow shall thereafter treat all of the purchaser's funds paid into Escrow as funds of the Seller and not the purchaser, and shall hold such funds for the Seller's account.

7. Escrow is relieved from all liability for acting in accordance with the terms of the Escrow Agreement, and Escrow may assume various things about each Vacation Plan Purchase Agreement and other documents presented to Escrow, including the validity of such documents and the capacity of the persons signing them. If disputes arise or Escrow receives conflicting demands, Escrow does not have to take any action but may wait until the controversy is settled by legal proceedings or otherwise, or Escrow may file a suit in interpleader in any court having jurisdiction. In that event, Escrow may deposit with the court any or all funds held under the Escrow Agreement and shall be fully released and discharged from all further obligations under the Escrow Agreement with respect to the funds so deposited.

**NOTE: ALL PURCHASERS AND PROSPECTIVE PURCHASERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.**

**KAHANA BEACH CONDOMINIUM PROJECT RENT SCHEDULE**

There are 72 studio apartments: 101, 102, 104, 105, 106, 107, 201, 202, 204, 205, 206, 207, 301, 302, 304, 305, 306, 307, 401, 402, 404, 405, 406, 407, 501, 502, 504, 505, 506, 507, 601, 602, 604, 605, 606, 607, 701, 702, 704, 705, 706, 707, 801, 802, 804, 805, 806, 807, 901, 902, 904, 905, 906, 907, 1001, 1002, 1004, 1005, 1006, 1007, 1101, 1102, 1104, 1105, 1106, 1107, 1201, 1202, 1204, 1205, 1206, 1207 and 12 one-bedroom apartments: 103, 203, 303, 403, 503, 603, 703, 803, 903, 1003, 1103, 1203 in the Kahana Beach Condominium Project. The rent figures below do not include Hawaii general excise tax. Rent for lease years 26-to-60 shall be determined by renegotiation on the dates and in the manner set forth in the Condominium Conveyance Document.

<u>Lease Year</u> (commencing July 1, 2000)	<u>Studio</u> <u>Apartment</u> <u>Quarterly Rent</u>	<u>Studio</u> <u>Apartment</u> <u>Annual Rent</u>	<u>One-Bedroom</u> <u>Apartment</u> <u>Quarterly Rent</u>	<u>One-Bedroom</u> <u>Apartment</u> <u>Annual Rent</u>	<u>Condominium</u> <u>Project</u> <u>Aggregate</u> <u>Quarterly Rent</u>	<u>Condominium</u> <u>Project</u> <u>Aggregate</u> <u>Annual Rent</u>
Years 1-2	390.63	1,562.50	781.25	3,125.00	\$37,500.00	\$150,000.00
Years 3-4	520.83	2,083.33	1,041.67	4,166.67	\$50,000.00	\$200,000.00
Years 5-8	651.04	2,604.17	1,302.08	5,208.33	\$62,500.00	\$250,000.00
Years 9-13	781.25	3,125.00	1,562.50	6,250.00	\$75,000.00	\$300,000.00
Years 14-18	911.46	3,645.83	1,822.92	7,291.67	\$87,500.00	\$350,000.00
Years 19-25	1,041.67	4,166.67	2,083.33	8,333.33	\$100,000.00	\$400,000.00

**Information Concerning Rental Renegotiation from July 1, 2025  
under each Condominium Conveyance Document (“CCD”)**

The Fee Owner is referred to as the “Grantor/Lessor” and the unit owner is referred to as the “Grantee/Lessee” With respect to rental, Section IV.A of each CCD provides that the quarterly rent for the last three successive 10-year periods and final 5-year period shall be determined by mutual agreement, but in no event will be less than the rent for the preceding period. If the parties do not agree, then the rent is determined by three appraisers, as described in each CCD as follows:

The rent for any period for which appraisal is required shall be determined as follows: The three appraisers shall first ascertain the fair market value of the Land only, unencumbered and unimproved. Next, the appraisers shall determine an aggregate net annual rental for the Land on the basis of the then prevailing net percentage rate of annual rental return enjoyed by owners of comparable condominium resort properties in Kaanapali, in the County and Island of Maui, or comparable resort destination areas, bearing comparable characteristics, but which rate of return shall not be less than eight percent (8%) per annum, or the customary lessor’s percentage return (as hereinafter defined) on land, whichever percentage is higher, at the beginning of such period on the appraised fair market value as determined by the appraisers. The appraisers shall then multiply the aggregate net rental so determined by the percentage undivided interest in the common elements appurtenant to the Apartments. The resulting product shall be the annual rent owed by Grantee/Lessee to Grantor/Lessor for the period in question. The amount of Grantee/Lessee’s monthly rental payments required under Section IV.A. above shall be determined by dividing the amount of Grantee/Lessee’s annual rental by twelve (12). As used herein, the term “customary lessor’s percentage return” shall mean the highest minimum percentage provided to be used as a basis for determining rent payable on renegotiation pursuant to any residential or condominium apartment lease issued within the preceding ten (10) years of the term hereof by the Trustees of the Estate of Bernice Pauahi Bishop, their successors in trust, or any similar entity or trust issuing residential or condominium apartment leases for homes or condominium apartments in the State of Hawaii. The appraisers shall assume for purposes of the appraisal that the Land, enhanced by street improvements (other than those paid for by Grantor/Lessor or Grantee/Lessee through improvement district assessment), contributing benefits, betterments and other related economic influences and value factors, is vacant of all buildings, unencumbered by lease or the subsistence of any right to or interest in the Land in a person other than Grantor/Lessor. Subject to the foregoing, the process or method of appraisal shall be that receiving general acceptability among competent, experienced and recognized appraisers in the field of real estate valuation in the State of Hawaii. The decision as to rental so determined shall be binding upon Grantor/Lessor and Grantee/Lessee. Each party shall pay for its own appraiser, and all other costs and expenses of such appraisal, including the fee of the third appraiser, shall be paid equally by Grantor/Lessor and Grantee/Lessee. In the event either party fails to appoint its own appraiser, then all costs and expenses of such appraisal, including the

fees of all three appraisers, shall be paid equally by Grantor/Lessor and Grantee/Lessee.

**Information Concerning Surrender.** Upon expiration of the lease, the Fee Owner has the right to repurchase the unit owners interest for a relatively small amount and it is likely each apartment owner will be required to surrender all interest in the project at that point, if the Fee Owner's interest is not early acquired by the Association or the apartment owner. Section IV.Q of each CCD provides as follows:

At the end of the term or other sooner termination of this demise, Grantee/Lessee will peaceably deliver up to Grantor/Lessor possession of the Land. Because it is not practical to give Grantee/Lessee the right to remove the Apartments and its undivided interest in the common elements (excluding the Land) upon termination of this demise, Grantee/Lessee hereby agrees that at the end of the term or sooner termination of this demise, Grantee/Lessee shall execute and deliver to Grantor/Lessor or its designee, promptly upon Grantor/Lessor's request, a document, in form satisfactory to Grantor/Lessor (the "Conveyance Instrument"), conveying to Grantor/Lessor or its designee all of Grantee/Lessee's right, title, interest and estate in and to the Apartments and respective undivided interests in the common elements of the Project (excluding the Land), together with all of the Grantee/Lessee's interest in any reserve funds maintained by the Association. Grantee/Lessee will, during the whole of the term, through the Association, maintain the common elements of the Project in good condition and repair, through the date of termination of this demise, less only reasonable wear and tear. Grantee/Lessee will also, through the Association, maintain reserve funds, as required by law and prudent management, and Grantee/Lessee's interest in such funds shall be transferred with any transfer of the interest demised hereunder, including any termination of this demise. Upon Grantee/Lessee's execution and delivery of the Conveyance Instrument, Grantor/Lessor shall pay to Grantee/Lessee its proportionate share of One Hundred Thousand Dollars (\$100,000.00), which shall be the total consideration paid by Grantor/Lessor to all apartment owners in the Project in the aggregate upon surrender. The payment of such sum shall not be a condition for execution and delivery of the Conveyance Instrument to Grantor/Lessor or its designee. In the event of nonpayment Grantee/Lessee shall have the right to proceed against Grantor/Lessor for breach of contract only. If and in the event Grantee/Lessee should fail to execute the Conveyance Instrument by the time requested by Grantor/Lessor, the Conveyance Instrument shall be deemed to have been executed by Grantee/Lessee thirty (30) days from the termination of the term or sooner termination of this demise, and Grantor/Lessor is hereby irrevocably appointed the attorney-in-fact of Grantee/Lessee, with power in the name of Grantee/Lessee, to execute the Conveyance Instrument and to effectually convey the Apartments and their respective appurtenant undivided interests in the common elements (excluding the Land) to Grantor/Lessor including the power to cause the Conveyance Instrument to be recorded in the Bureau, or filed with any other governmental agencies, recordation or filing with which would be necessary or useful to convey such Apartments and their respective interests in the common elements to Grantor/Lessor. Grantee/Lessee shall

indemnify, defend and save harmless Grantor/Lessor against any loss, cost, expense, attorney's fees or liability incurred or suffered by Grantor/Lessor as a result of Grantee/Lessee's failure or delay in surrendering or reconveying the property in the manner and in the condition as above provided, or in executing the Conveyance Instrument, including, without limitation, any claims made by Grantor/Lessor or any succeeding Grantee/Lessee. Grantee/Lessee's obligations pursuant to this paragraph shall survive the expiration or other termination of this Condominium Conveyance Document.

**Right of Purchase.** The effect of the surrender provision quoted above may be negated should the Association elect to purchase the interest of the Fee Owner. Section V.M of each CCD provides as follows:

The Association, through the Board, shall have a one-time option to purchase the interest of Grantor/Lessor in the Land under each Condominium Conveyance Document for the Project for a price of \$3,400,000.00. The option to purchase must be exercised in writing by the Association and sent to the Grantor/Lessor's place of business no later than the last day of the twenty-fourth lease year under each Condominium Conveyance Document. The Association must buy the entire interest of the Grantor/Lessor in the Land under each Condominium Conveyance Document. This is not a right of the Grantee/Lessee, but only of the Association. If the option is exercised, the closing shall occur during the last six months of the twenty-fifth lease year on a date to be mutually agreed upon between Grantor/Lessor and the Association.